

Marketing Management, 14e (Kotler/Keller)
Chapter 9 Creating Brand Equity

1) The first step in the strategic brand management process is _____.

- A) measuring consumer brand loyalty
- B) identifying and establishing brand positioning
- C) planning and implementing brand marketing
- D) measuring and interpreting brand performance
- E) growing and sustaining brand value

Answer: B

Page Ref: 241

Objective: 1

AACSB: Analytic skills

Difficulty: Easy

2) The American Marketing Association defines a _____ as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors."

- A) copyright
- B) trademark
- C) slogan
- D) brand
- E) logo

Answer: D

Page Ref: 241

Objective: 1

AACSB: Analytic skills

Difficulty: Easy

3) Branding is _____.

- A) all about creating unanimity between products
- B) the process of performing market research and selling products or services to customers
- C) endowing products and services with the power of a brand
- D) the process of comparing competing brands available in the market
- E) use of online interactive media to promote products and brands

Answer: C

Page Ref: 243

Objective: 1

Difficulty: Easy

4) Brand _____ is the added value endowed to products and services.

- A) loyalty
- B) equity
- C) preference
- D) identity
- E) licensing

Answer: B

Page Ref: 243

Objective: 2

Difficulty: Easy

5) _____ is the differential effect that brand knowledge has on consumer response to the marketing of that brand.

- A) Mission-driven brand equity
- B) Customer-based brand equity
- C) Product-driven brand equity
- D) Service-driven brand equity
- E) Function-based brand equity

Answer: B

Page Ref: 244

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

6) Adam wants to buy a washing machine and is looking for something that is not too expensive. When he goes to make the purchase, he finds there are two options that meet his requirements. One is an IFB Bosch product, while the other is a newly imported South Korean brand. Adam is not very familiar with the latter and does not hesitate in choosing Bosch. This example implies that _____.

- A) the imported brand will not survive the competition from Bosch
- B) Bosch has a positive customer brand equity
- C) the South Korean company has a low advertising budget
- D) the imported brand is unreliable
- E) the Bosch washing machine has better features than the imported brand

Answer: B

Page Ref: 244

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

7) When a consumer expresses thoughts, feelings, images, experiences, and beliefs associated with the brand, the consumer is expressing _____.

- A) brand knowledge
- B) ethnocentric bias
- C) self-serving bias
- D) cognitive dissonance
- E) brand identity

Answer: A

Page Ref: 244

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

8) The challenge for marketers in building a strong brand is _____.

- A) ensuring that customers have the right type of experiences with their products and marketing programs to create the desired brand knowledge
- B) pricing the product at a point that maximizes sales volume
- C) minimizing the number of people to whom the product is targeted in order to provide consumers with a personalized experience
- D) minimizing the impact of customer brand equity
- E) avoiding the usage of an established brand to introduce a new product in the market

Answer: A

Page Ref: 244

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

9) Which of the following is a marketing advantage of strong brands?

- A) no vulnerability to marketing crises
- B) more elastic consumer response to price increases
- C) guaranteed profits
- D) additional brand extension opportunities
- E) more inelastic consumer response to price decreases

Answer: D

Page Ref: 244

Objective: 2

AACSB: Reflective thinking

Difficulty: Moderate

10) When a marketer expresses his or her vision of what the brand must be and do for consumers, they are expressing what is called _____.

- A) a brand promise
- B) a brand personality
- C) a brand identity
- D) a brand position
- E) a brand revitalization

Answer: A

Page Ref: 245

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

11) Identify the four pillars of brand equity, according to brand asset valuator model.

- A) relevance, performance, bonding, and advantage
- B) presence, performance, advantage, and bonding
- C) energized differentiation, relevance, esteem, and knowledge
- D) brand salience, brand feelings, brand imagery, and brand performance
- E) energized differentiation, esteem, brand feelings, and brand salience

Answer: C

Page Ref: 245

Objective: 2

Difficulty: Easy

12) Christian Louboutin is a footwear designer who launched his line of high-end women's shoes in France in 1991. Since 1992, his designs have incorporated the shiny, red-lacquered soles that have become his signature. These red-lacquered soles and high stilettos of Louboutin distinguish him from other designer shoe brands. In accordance with the brand asset valuator model, which of the following components of brand equity has Louboutin fulfilled in the given scenario?

- A) energized differentiation
- B) relevance
- C) esteem
- D) knowledge
- E) advantage

Answer: A

Page Ref: 245

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

13) Christian Louboutin is a footwear designer who launched his line of high-end women's shoes in France in 1991. The brand caters to an elite clientele whose satisfaction with the brand has always been evident. Apart from being high-end, Louboutin footwear signifies power in elite social circles. Celebrities are often seen sporting "Loubs" at special occasions, such as movie premieres. This has resulted in people associating Louboutin footwear with class and power. In accordance with the brand asset valuator model, which of the following components of brand equity has Louboutin fulfilled in the given scenario?

- A) knowledge
- B) energized differentiation
- C) esteem
- D) advantage
- E) presence

Answer: C

Page Ref: 245

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

14) According to the brand asset valuator model, which of the components of brand equity measures how aware and familiar consumers are with the brand?

- A) esteem
- B) energized differentiation
- C) relevance
- D) knowledge
- E) presence

Answer: D

Page Ref: 245

Objective: 2

Difficulty: Easy

15) According to the brand asset valuator model, which of the components of brand equity measures the breadth of a brand's appeal?

- A) differentiation
- B) relevance
- C) esteem
- D) knowledge
- E) value

Answer: B

Page Ref: 245

Objective: 2

Difficulty: Easy

16) According to brand asset valuator model, energized differentiation and relevance, the two pillars of brand equity combine to determine what is called brand _____.

- A) position
- B) image
- C) depth
- D) knowledge
- E) strength

Answer: E

Page Ref: 245

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

17) According to brand asset valuator model, esteem and knowledge, the two pillars of brand equity together create _____, a "report card" on past performance and a current indicator of current value.

- A) brand stature
- B) brand parity
- C) brand strength
- D) brand personality
- E) brand architecture

Answer: A

Page Ref: 245

Objective: 2

Difficulty: Easy

18) According to the brand asset valuator model, strong new brands show _____.

- A) higher levels of esteem and knowledge than relevance, whereas both differentiation and energy are lower still
- B) higher levels of differentiation and energy than relevance, whereas both esteem and knowledge are lower still
- C) high knowledge—evidence of past performance—a lower level of esteem, and even lower relevance, energy, and differentiation
- D) high levels on energy, differentiation, relevance, knowledge, and esteem
- E) low levels on energy, differentiation, relevance, knowledge, and esteem

Answer: B

Page Ref: 245

Objective: 2

Difficulty: Moderate

- 19) According to brand asset valuator model, leadership brands show _____.
A) high levels of energy, differentiation, relevance, knowledge, and esteem
B) higher levels of esteem and knowledge than relevance, whereas both differentiation and energy are lower still
C) higher levels of differentiation and energy than relevance, whereas both esteem and knowledge are lower still
D) low levels on energy, differentiation, relevance, knowledge, and esteem
E) high knowledge—evidence of past performance—a lower level of esteem, and even lower relevance, energy, and differentiation

Answer: A

Page Ref: 245

Objective: 2

Difficulty: Moderate

- 20) According to brand asset valuator model, declining brands show _____.
A) higher levels of esteem and knowledge than relevance, whereas both differentiation and energy are lower still
B) high relevance—appropriateness of brand's appeal—a lower level of energy and differentiation, and even lower knowledge
C) high levels on energy, differentiation, relevance, knowledge, and esteem
D) higher levels of differentiation and energy than relevance, whereas both esteem and knowledge are lower still
E) high knowledge—evidence of past performance—a lower level of esteem, and even lower relevance, energy, and differentiation

Answer: E

Page Ref: 245

Objective: 2

Difficulty: Moderate

- 21) According to Young and Rubicam's brand asset valuator, a brand's _____ measures how well the brand is regarded and respected.
A) differentiation
B) energy
C) relevance
D) esteem
E) knowledge

Answer: D

Page Ref: 245

Objective: 2

Difficulty: Easy

22) Aromas Inc., introduced a new line of shower gels. To analyze consumer reaction, the company interviewed people who bought them. When Sarah was asked why she had chosen the new shower gel, she said she bought it because a friend recommended it. Sarah is at which level of the brand dynamics pyramid?

- A) presence
- B) bonding
- C) relevance
- D) performance
- E) advantage

Answer: A

Page Ref: 246

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

23) If a consumer, trying to decide between alternatives, believes that a particular brand delivers acceptable product performance and can be short listed, she is in the _____ level of the brand dynamics pyramid.

- A) presence
- B) relevance
- C) performance
- D) advantage
- E) bonding

Answer: C

Page Ref: 246

Objective: 2

Difficulty: Easy

24) Which of the following levels of the brand dynamics pyramid pertains to consumer's needs?

- A) advantage
- B) relevance
- C) bonding
- D) performance
- E) presence

Answer: B

Page Ref: 246

Objective: 2

Difficulty: Easy

25) A consumer who expresses rational and emotional attachments to the brand to the exclusion of most other brands has reached the _____ level in the brand dynamics pyramid.

- A) advantage
- B) relevance
- C) presence
- D) performance
- E) bonding

Answer: E

Page Ref: 246

Objective: 2

Difficulty: Easy

26) According to the BRANDZ model of brand strength, brand building involves people progressing through a sequential series of steps. Which of these steps would address the question "Do I know about this brand?"

- A) relevance
- B) presence
- C) performance
- D) advantage
- E) bonding

Answer: B

Page Ref: 247

Objective: 2

AACSB: Reflective thinking

Difficulty: Easy

27) According to the BRANDZ model of brand strength, brand building involves people progressing through a sequential series of steps. Which of these steps would address or answer the question "Does this brand offer something better than the others?"

- A) performance
- B) presence
- C) advantage
- D) bonding
- E) relevance

Answer: C

Page Ref: 247

Objective: 2

Difficulty: Easy

28) According to the BRANDZ model of brand strength, brand building involves people progressing through a sequential series of steps. Which of these steps would address or answer the question "Can this brand deliver?"

- A) performance
- B) bonding
- C) advantage
- D) relevance
- E) presence

Answer: A

Page Ref: 247

Objective: 2

Difficulty: Easy

29) According to the BRANDZ model of brand strength, brand building involves people progressing through a sequential series of steps. Which of these steps would address or answer the question "Does this brand offer me something?"

- A) advantage
- B) presence
- C) relevance
- D) bonding
- E) performance

Answer: C

Page Ref: 247

Objective: 2

Difficulty: Easy

30) According to the BRANDZ model of brand strength, brand building involves people progressing through a sequential series of steps. Which of these steps convey the message "Nothing else beats this brand"?

- A) bonding
- B) relevance
- C) advantage
- D) performance
- E) presence

Answer: A

Page Ref: 247

Objective: 2

Difficulty: Easy

31) Brand salience _____.

- A) is customers' emotional responses and reactions with respect to the brand
- B) is how often and how easily customers think of the brand under various purchase or consumption situations
- C) is how well the product or service meets customers' functional needs
- D) describes the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs
- E) describes the relationship customers have with the brand and the extent to which they feel they're "in sync" with it

Answer: B

Page Ref: 248

Objective: 2

Difficulty: Moderate

32) With respect to the "six brand building blocks," _____ signifies how well the product or service meets customers' functional needs.

- A) brand judgment
- B) brand imagery
- C) brand salience
- D) brand performance
- E) brand resonance

Answer: D

Page Ref: 248

Objective: 2

Difficulty: Easy

33) With respect to the "six brand building blocks," _____ describes the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs.

- A) brand imagery
- B) brand judgment
- C) brand resonance
- D) brand salience
- E) brand performance

Answer: A

Page Ref: 248

Objective: 2

Difficulty: Easy

34) With respect to the "six brand building blocks," _____ focuses on customers' own personal opinions and evaluations.

- A) brand salience
- B) brand performance
- C) brand imagery
- D) brand judgment
- E) brand resonance

Answer: D

Page Ref: 249

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

35) With respect to the brand building pyramid, at which of the following "building block levels" would we expect the consumer to develop an intense, active loyalty?

- A) salience
- B) imagery
- C) feelings
- D) judgments
- E) resonance

Answer: E

Page Ref: 249

Objective: 2

AACSB: Reflective thinking

Difficulty: Easy

36) With respect to the brand building pyramid, at which of the following "building block levels" would we expect the consumer to develop positive and accessible reactions?

- A) resonance
- B) salience
- C) imagery
- D) performance
- E) feelings

Answer: E

Page Ref: 249

Objective: 2

Difficulty: Easy

37) With respect to the "six brand building blocks," _____ describes the relationship customers have with the brand and the extent to which they feel they're "in sync" with it.

- A) brand imagery
- B) brand judgment
- C) brand resonance
- D) brand salience
- E) brand performance

Answer: C

Page Ref: 249

Objective: 2

Difficulty: Easy

38) With respect to the "six brand building blocks," _____ are customers' emotional responses and reactions with respect to the brand.

- A) brand imagery statements
- B) brand judgments
- C) brand performances
- D) brand feelings
- E) brand resonances

Answer: D

Page Ref: 249

Objective: 2

Difficulty: Easy

39) Which of the following "building block levels" corresponds to the branding objectives of points-of-parity and difference?

- A) performance and imagery
- B) judgment and feelings
- C) resonance and salience
- D) imagery and judgment
- E) salience and feelings

Answer: A

Page Ref: 249

Objective: 2

Difficulty: Easy

40) With respect to the brand building pyramid, the branding objective of developing deep, broad brand awareness corresponds to which of the following "building block levels"?

- A) resonance
- B) imagery
- C) performance
- D) salience
- E) judgment

Answer: D

Page Ref: 249

Objective: 2

Difficulty: Easy

41) From a marketing management perspective, there are three main sets of brand equity drivers. Which of these drivers was most applicable when McDonald's decided to use the "golden arches" and Ronald McDonald as symbols of their brand?

- A) the product and all accompanying marketing activities and supporting marketing programs
- B) the service and all accompanying marketing activities and programs
- C) the initial choices for the brand elements or identities making up the brand
- D) associations indirectly transferred to the brand by linking it to some other entity
- E) the profitability associated with brand development

Answer: C

Page Ref: 249

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

42) Red Bull enlisted college students as "Red Bull student brand managers" to distribute samples, research drinking trends, design on-campus product promotion activities, and write stories for student newspapers. From a marketing management perspective, which of the following brand equity drivers is most applicable in the given scenario?

- A) the profitability associated with brand development
- B) associations indirectly transferred to the brand by linking it to a person
- C) the product and all accompanying marketing activities and supporting marketing programs
- D) the initial choices for the brand elements or identities making up the brand
- E) associations indirectly transferred to the brand by linking it to a place

Answer: C

Page Ref: 250

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

43) The brand name of New Zealand vodka 42BELOW refers to both a latitude that runs through New Zealand and the percentage of its alcohol content. From a marketing management perspective, which of

the brand equity drivers is most applicable in the given scenario?

- A) the associations indirectly transferred to the brand by linking it to a place or thing
- B) the product and all accompanying marketing activities and supporting marketing programs
- C) the initial choices for the brand elements or identities making up the brand
- D) the profitability associated with brand development
- E) the service and all accompanying marketing activities and programs

Answer: A

Page Ref: 250

Objective: 3

Difficulty: Moderate

44) _____ are devices that can be trademarked and serve to identify and differentiate the brand.

- A) Brand elements
- B) Brand value propositions
- C) Brand perceptions
- D) Brand images
- E) Brand extensions

Answer: A

Page Ref: 250

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

45) If a brand element can be used to introduce new products in the same or different categories, the brand element is said to be _____.

- A) memorable
- B) meaningful
- C) likeable
- D) transferable
- E) adaptable

Answer: D

Page Ref: 250

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

46) If consumers can easily recall and recognize a brand element, the brand element is said to be _____.

- A) meaningful
- B) protectable
- C) adaptable
- D) transferable
- E) memorable

Answer: E

Page Ref: 250

Objective: 3

Difficulty: Easy

47) Which of the following is a defensive criterion for choosing brand elements?

- A) adaptable
- B) memorable
- C) meaningful
- D) likeable
- E) significance

Answer: A

Page Ref: 250

Objective: 3

AACSB: Reflective thinking

Difficulty: Easy

48) With respect to powerful brand elements, _____ is an extremely efficient means to build brand equity. This element functions as a useful "hook" or "handle" to help consumers grasp what the brand is and what makes it special.

- A) the tangibility of a product
- B) a product's shape
- C) a slogan
- D) a patent
- E) a copyright

Answer: C

Page Ref: 251

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

49) A _____ can be defined as any information-bearing experience a customer or prospect has with the brand, the product category, or the market that relates to the marketer's product or service.

- A) brand value
- B) brand personality
- C) brand trait
- D) brand character
- E) brand contact

Answer: E

Page Ref: 251

Objective: 3

Difficulty: Easy

50) The traditional "marketing-mix" concept and the notion of the "four Ps" may not adequately describe modern marketing programs. _____ is about mixing and matching marketing activities to maximize their individual and collective effects.

- A) Personalized marketing
- B) Mass customization
- C) Globalized marketing
- D) Relationship marketing
- E) Integrated marketing

Answer: E

Page Ref: 251

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

51) Brand equity can be built by _____, which create(s) equity by linking the brand to other information in memory that conveys meaning to customers.

- A) internal marketing
- B) brand transferability
- C) secondary associations
- D) customer alignment
- E) brand auditing

Answer: C

Page Ref: 252

Objective: 3

Difficulty: Easy

52) Mark feels that Shell delivers on its promises to supply the best gasoline possible to the public. His experiences with Shell have always been good resulting in positive brand contact. Mark is most likely experiencing _____.

- A) brand alliance
- B) brand essence
- C) brand harmonization
- D) brand parity
- E) brand bonding

Answer: E

Page Ref: 253

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

53) _____ consists of activities and processes that help inform and inspire employees about brands.

- A) Internal branding
- B) Personal branding
- C) Individual branding
- D) External branding
- E) Co-branding

Answer: A

Page Ref: 253

Objective: 3

Difficulty: Easy

54) AT&T's business campaign not only helped to change public perceptions of the company, it also signaled to employees that AT&T was determined to be a leader in telecommunication services. Which principle of internal branding does this example portray?

- A) choosing the right moment to capture employees' attention and imagination
- B) furnishing energizing and informative internal communication
- C) bringing the brand alive for employees
- D) linking internal and external marketing
- E) understanding how brand communities work

Answer: D

Page Ref: 253

Objective: 3

Difficulty: Moderate

55) A _____ is a specialized group of consumers and employees whose identification and activities focus around the brand.

- A) brand community
- B) brand channel
- C) brand association
- D) brand personality
- E) brand cluster

Answer: A

Page Ref: 253

Objective: 3

Difficulty: Easy

56) Which of the following value creation processes means sharing the brand "good news" and inspiring others to use the brand?

- A) staking
- B) badging
- C) evangelizing
- D) justifying
- E) milestoneing

Answer: C

Page Ref: 254

Objective: 3

Difficulty: Easy

57) Which of the following value creation processes means detailing the brand relationship journey in a narrative way, often anchored by and peppered with milestones?

- A) documenting
- B) milestoneing
- C) badging
- D) evangelizing
- E) staking

Answer: A

Page Ref: 254

Objective: 3

Difficulty: Easy

58) Which of the following value creation processes means translating milestones into symbols and artifacts?

- A) staking
- B) evangelizing
- C) milestoneing
- D) badging
- E) documenting

Answer: D

Page Ref: 254

Objective: 3

Difficulty: Easy

59) A structured approach to assessing the sources and outcomes of brand equity and the manner in which marketing activities create the financial worth of the brand is called _____.

- A) the brand value chain
- B) the brand portfolio
- C) the brand life cycle
- D) brand partitioning
- E) brand positioning

Answer: A

Page Ref: 255

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

60) Competitive superiority and channel support are factors that influence the _____ of the brand value chain.

- A) program multiplier
- B) customer multiplier
- C) brand multiplier
- D) profit multiplier
- E) market multiplier

Answer: B

Page Ref: 255- 256

Objective: 3

Difficulty: Easy

61) Clarity, relevance, distinctiveness, and consistency are factors that influence the _____ of the brand value chain.

- A) program multiplier
- B) brand multiplier
- C) market multiplier
- D) customer multiplier
- E) profit multiplier

Answer: A

Page Ref: 255- 256

Objective: 3

Difficulty: Easy

62) _____ are a means of understanding where, how much, and in what ways brand value is being created to facilitate day-to-day decision making.

- A) Internal marketing campaigns
- B) Brand portfolio audits
- C) Brand value chains
- D) Sales cycles
- E) Brand-tracking studies

Answer: E

Page Ref: 256

Objective: 3

Difficulty: Easy

63) _____ is the job of estimating the total financial worth of the brand.

- A) Brand tracking
- B) Brand auditing
- C) Brand equity
- D) Brand valuation
- E) Brand harmonization

Answer: D

Page Ref: 256

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

64) Apple's ipod shuffle is an example of _____.

- A) a sub-brand
- B) a parent brand
- C) family brand
- D) a brand mix
- E) an umbrella brand

Answer: A

Page Ref: 260

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

65) When a firm uses an established brand to introduce a new product, it is called a _____.

- A) brand harmonization
- B) brand valuation
- C) brand extension
- D) brand positioning
- E) brand parity

Answer: C

Page Ref: 260

Objective: 4

Difficulty: Easy

66) A parent brand that is associated with multiple products through brand extensions is also called a(n) _____.

- A) category brand
- B) subbrand
- C) extension brand
- D) family brand
- E) line brand

Answer: D

Page Ref: 260

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

67) The introduction of diet coke by the Coca Cola Company is an example of _____.

- A) line extension
- B) brand harmonization
- C) category extension
- D) brand dilution
- E) co-branding

Answer: A

Page Ref: 260-261

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

68) A _____ consists of all products=original as well as line and category extensions=sold under a particular brand.

- A) brand line
- B) cobrand
- C) generic brand
- D) licensed product
- E) subbrand

Answer: A

Page Ref: 261

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

69) A major advantage of a _____ strategy is that the company does not tie its reputation to the product.

- A) blanket family name
- B) licensing
- C) separate family brand name
- D) category extension
- E) brand revitalization

Answer: C

Page Ref: 261

Objective: 4

AACSB: Reflective thinking

Difficulty: Easy

70) Starbucks introduced ice creams in the same flavors as the frappucinos it sold in its coffee shops. This is an example of _____.

- A) brand dilution
- B) cobranding
- C) brand variants
- D) category extension
- E) brand harmonization

Answer: D

Page Ref: 261

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

71) A _____ is a set of all brand lines that a particular seller makes.

- A) brand platform
- B) brand image
- C) cobrand
- D) brand extension
- E) brand mix

Answer: E

Page Ref: 261

Objective: 4

Difficulty: Easy

72) A _____ is the set of all brands and brand lines a particular firm offers for sale to buyers in a particular category.

- A) brand architecture
- B) brand position
- C) brand portfolio
- D) brand extension
- E) brand image

Answer: C

Page Ref: 262

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

73) The hallmark of an optimal brand portfolio is _____.

- A) the ability of each brand to maximize equity in combination with all the other brands in it
- B) the ability of each brand to maximize its individual equity in isolation
- C) maximum brand overlap
- D) the eventual reduction of brand differentiation to create a unified brand appearance
- E) maximum internal competition within the firm

Answer: A

Page Ref: 263

Objective: 4

Difficulty: Easy

74) _____ brands are positioned with respect to competitors' brands so that more important (and more profitable) flagship brands can retain their desired positioning.

- A) Flanker
- B) Attacker
- C) Defender
- D) Cash cow
- E) Simulation

Answer: A

Page Ref: 263

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

75) Two advantages of _____ are that they can facilitate new-product acceptance and provide positive feedback to the parent brand and company.

- A) product licensing
- B) brand extensions
- C) brand architecture
- D) brand audits
- E) brand dilutions

Answer: B

Page Ref: 264

Objective: 4

AACSB: Reflective thinking

Difficulty: Easy

76) According to Ries and Trout, Cadbury suffered from _____ when the company allowed its brand to become diluted by putting their name on such variants as mashed potatoes, powdered milk, and soups, apart from chocolates and candies.

- A) liquidity trap
- B) cognitive dissonance
- C) branding fallout
- D) cannibalization
- E) line-extension trap

Answer: E

Page Ref: 265

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

77) Even if sales of a brand extension are high and meet targets, the revenue may be coming from consumers switching to the extension from existing parent-brand offerings—in effect _____ the parent brand.

- A) diluting
- B) cannibalizing
- C) reinforcing
- D) eroding
- E) revamping

Answer: B

Page Ref: 265

Objective: 4

Difficulty: Easy

78) In its focus on bottom-line financial value, the _____ approach often overlooks the "option value" of brands and their potential to affect future revenues and costs.

- A) brand equity
- B) brand value chain
- C) customer tracking
- D) customer equity
- E) brand extension

Answer: D

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Objective: 4

AACSB: Analytic skills

Difficulty: Easy

79) Consumers may evaluate identical products differently depending on how they are branded.

Answer: TRUE

Page Ref: 242

Objective: 1

AACSB: Reflective thinking

Difficulty: Easy

80) Physical goods, services, and stores can be branded, but ideas and people cannot.

Answer: FALSE

Page Ref: 243

Objective: 1

Difficulty: Easy

81) One of the advantages of having a strong brand is the ability to have a more elastic consumer response to price decreases of the brand.

Answer: TRUE

Page Ref: 244

Objective: 2

Difficulty: Easy

82) Brand equity arises from unanimity in consumer response.

Answer: FALSE

Page Ref: 244

Objective: 2

Difficulty: Easy

83) The quantity, rather than quality, of a marketer's investment in brand building is the critical factor in building brand equity.

Answer: FALSE

Page Ref: 245

Objective: 2

AACSB: Reflective thinking

Difficulty: Easy

84) According to brand asset valuator (BAV) model, knowledge is one of the key components of brand equity.

Answer: TRUE

Page Ref: 245

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

85) According to the BRANDZ model, "Bonded" consumers at the lower levels of the pyramid build stronger relationships with and spend more on the brand than those at the top.

Answer: FALSE

Page Ref: 246

Objective: 2

Difficulty: Easy

86) Under the BRANDZ model of brand strength, customers who are bonded to the brand believe "nothing else beats it."

Answer: TRUE

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Objective: 2

AACSB: Reflective thinking

Difficulty: Easy

87) Brand salience describes the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs.

Answer: FALSE

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Objective: 2

AACSB: Analytic skills

Difficulty: Easy

88) Brand imagery is a consumer's emotional response and reaction with respect to the brand.

Answer: FALSE

Page Ref: 248

Objective: 2

Difficulty: Easy

89) One of the selection criteria for creating a successful brand element is that it should be protectable.

Answer: TRUE

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Objective: 3

AACSB: Reflective thinking

Difficulty: Easy

90) If a brand element has the characteristic of being memorable, the brand is credible and suggestive of the type of person who might use the brand.

Answer: FALSE

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Objective: 3

AACSB: Analytic skills

Difficulty: Easy

91) Brands are built only by advertising.

Answer: FALSE

Page Ref: 251

Objective: 3

Difficulty: Easy

92) To achieve integrated marketing, marketers need a variety of different marketing activities that consistently reinforce the brand promise.

Answer: TRUE

Page Ref: 251

Objective: 3

Difficulty: Easy

93) Brand equity can be built by linking the brand to sources, such as channels of distribution as well as to other brands.

Answer: TRUE

Page Ref: 252

Objective: 3

Difficulty: Easy

94) The brand promise will not be delivered unless everyone in the company lives the brand.

Answer: TRUE

Page Ref: 253

Objective: 3

Difficulty: Easy

95) Modifying a brand to suit group-level or individual needs is called staking.

Answer: FALSE

Page Ref: 254

Objective: 3

Difficulty: Easy

96) A brand community can be a constant source of inspiration and feedback for product improvements or innovations.

Answer: TRUE

Page Ref: 254

Objective: 3

Difficulty: Easy

97) The indirect approach to assessing brand equity assesses the actual impact of brand knowledge on consumer response to different aspects of marketing.

Answer: FALSE

Page Ref: 255

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

98) Spending on product research, development, and design constitutes investment in the brand value development process.

Answer: TRUE

Page Ref: 255

Objective: 3

AACSB: Reflective thinking

Difficulty: Easy

99) The brand audit can be used to set strategic direction for the brand.

Answer: TRUE

Page Ref: 256

Objective: 3

AACSB: Reflective thinking

Difficulty: Easy

100) Brand equity is essentially the same as brand valuation.

Answer: FALSE

Page Ref: 256

Objective: 3

Difficulty: Easy

101) When change is necessary, marketers should vigorously preserve and defend sources of brand equity.

Answer: TRUE

Page Ref: 258

Objective: 3

AACSB: Reflective thinking

Difficulty: Easy

102) An important part of reinforcing brands is providing uniform and unchanging marketing support.

Answer: FALSE

Page Ref: 258

Objective: 3

Difficulty: Easy

103) When a parent brand covers a new product within a product category it currently serves, it is called a line extension.

Answer: TRUE

Page Ref: 260

Objective: 4

Difficulty: Easy

104) A firm's branding strategy is also called the brand architecture.

Answer: TRUE

Page Ref: 260

Objective: 4

Difficulty: Easy

105) When Honda expanded its brand into such areas as automobiles, snowblowers, and marine engines, it was pursuing a strategy called line extension.

Answer: FALSE

Page Ref: 261

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

106) Increasing shelf presence and retailer dependence in the store is one of the reasons for introducing multiple brands in a category.

Answer: TRUE

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Objective: 4

Difficulty: Easy

107) Flankers are brands that may be kept around despite dwindling sales because they manage to maintain their profitability with virtually no marketing support.

Answer: FALSE

Page Ref: 263

Objective: 4

Difficulty: Easy

108) The role of a relatively high-priced brand in the portfolio is often to attract customers to the brand franchise or to "build traffic".

Answer: FALSE

Page Ref: 263

Objective: 4

Difficulty: Easy

109) Brand extensions can reduce the costs of introductory launch campaigns and make it easier to convince retailers to stock and promote a new product.

Answer: TRUE

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Objective: 4

AACSB: Reflective thinking

Difficulty: Easy

110) Brand differentiation occurs when consumers no longer associate a brand with a specific product or highly similar products and start thinking less of the brand.

Answer: FALSE

Page Ref: 265

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

111) Intrabrand shifts in a company's sales are always undesirable.

Answer: FALSE

Page Ref: 265

Objective: 4

Difficulty: Easy

112) Marketers must judge each potential brand extension by how effectively it leverages existing brand equity from the parent brand, as well as how effectively, in turn, it contributes to the parent brand's equity.

Answer: TRUE

Page Ref: 265

Objective: 4

Difficulty: Easy

113) Research indicates that high-quality brands stretch farther than average-quality brands, although both types of brands have boundaries.

Answer: TRUE

Page Ref: 266

Objective: 4

Difficulty: Easy

114) A brand that is seen as prototypical of a product category is easy to extend outside the category.

Answer: FALSE

Page Ref: 266

Objective: 4

Difficulty: Easy

115) A successful extension cannot only contribute to the parent brand image but also enable a brand to be extended even farther.

Answer: TRUE

Page Ref: 266

Objective: 4

Difficulty: Easy

116) The most effective advertising strategy for an extension emphasizes the parent brand.

Answer: FALSE

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Objective: 4

AACSB: Analytic skills

Difficulty: Easy

117) Customer lifetime value is affected by revenue and by the costs of customer acquisition, retention, and cross-selling.

Answer: TRUE

Page Ref: 268

Objective: 4

Difficulty: Easy

118) Both brand equity and customer equity emphasize the importance of customer loyalty and the notion that we create value by having as many customers as possible pay as high a price as possible.

Answer: TRUE

Page Ref: 268

Objective: 4

Difficulty: Easy

119) What valuable functions can brands perform for a firm?

Answer: Brands perform a number of valuable functions for firms. First, they simplify product handling or

tracing. Brands help to organize inventory and accounting records. A brand also offers the firm legal protection for unique features or aspects of the product. The brand name can be protected through registered trademarks; manufacturing processes can be protected through patents; and packaging can be protected through copyrights and proprietary designs. These intellectual property rights ensure that the firm can safely invest in the brand and reap the benefits of a valuable asset.

A credible brand signals a certain level of quality so that satisfied buyers can easily choose the product again. Brand loyalty provides predictability and security of demand for the firm, and it creates barriers to entry that make it difficult for other firms to enter the market. Loyalty also can translate into customer willingness to pay a higher price.

Page Ref: 242

Objective: 1

Difficulty: Moderate

120) Describe the three ingredients of customer-based brand equity.

Answer: The three key ingredients of customer-based brand equity are as follows:

- 1) Brand equity arises from differences in consumer response. If no differences occur, the brand-name product is essentially a commodity, and competition will probably be based on price.
- 2) Differences in response are a result of consumers' brand knowledge, all the thoughts, feelings, images, experiences, and beliefs associated with the brand. Brands must create strong, favorable, and unique brand associations with customers, as have Toyota (reliability), Hallmark (caring), and Amazon.com (convenience).
- 3) Brand equity is reflected in perceptions, preferences, and behavior related to all aspects of the marketing of a brand. Stronger brands lead to greater revenue.

Page Ref: 244

Objective: 2

Difficulty: Moderate

121) Advertising agency Young and Rubicam (Y&R) developed a model of brand equity called Brand Asset Valuator (BAV). What is the intent of the BAV model? List and briefly characterize the four key components (pillars) of brand equity.

Answer: The BAV model is based on research of almost 800,000 consumers in 51 countries. BAV provides comparative measures of the brand equity of thousands of brands across hundreds of different categories. There are four key components—or pillars—of brand equity. These pillars are: (1) energized differentiation—measures the degree to which a brand is seen as different from others, and its perceived momentum and leadership; (2) relevance—measures the appropriateness and breadth of a brand's appeal; (3) esteem—measures perceptions of quality and loyalty, or how well the brand is regarded and respected; and (4) knowledge—measures how aware and familiar consumers are with the brand.

Page Ref: 245

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

122) The creation of significant brand equity involves reaching the top or pinnacle of the brand pyramid. What are the six components of the brand resonance pyramid?

Answer: The six components of the brand resonance pyramid include: (1) brand salience—relates to how often and easily the brand is evoked under various purchase or consumption situations; (2) brand performance—relates to how the product or service meets customers' functional needs; (3) brand imagery—deals with the extrinsic properties of the product or service, including the ways in which the brand attempts to meet the customers' psychological or social needs; (4) brand judgments—focus on consumers' own personal opinions and evaluations; (5) brand feelings—customers' emotional responses and reactions with respect to the brand; and (6) brand resonance—refers to the nature of the relationship that customers have with the brand and the extent to which customers feel that they are "in sync" with the brand.

Page Ref: 248-249

Objective: 2

AACSB: Reflective thinking

Difficulty: Moderate

123) Identify and describe the four value stages of the brand value chain.

Answer: The brand value creation process begins when the firm invests in a marketing program targeting actual or potential customers. Next, customers' mindsets are assumed to change as a result of the marketing program. This change affects the way the brand performs in the marketplace through the collective impact of individual customers deciding how much to purchase and when, how much they'll pay, and so on. Finally, the investment community considers market performance and other factors such as replacement cost and purchase price in acquisitions to arrive at an assessment of shareholder value in general and the value of a brand in particular.

Page Ref: 255

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

124) Describe the function of brand tracking studies.

Answer: To understand how the sources and outcomes of brand equity change, if at all, over time, marketers conduct brand tracking studies. These studies collect quantitative data from consumers over time to provide consistent, baseline information about how brands and marketing programs are performing. Tracking studies help us understand where, how much, and in what ways brand value is being created, to facilitate day-to-day decision making.

Page Ref: 256

Objective: 3

Difficulty: Moderate

125) Describe the meaning and function of a brand audit.

Answer: To better understand the sources of brand equity and how they affect outcomes of interest, marketers often need to conduct brand audits. A brand audit is a consumer-focused exercise that involves a series of procedures to assess the health of the brand, uncover its sources of brand equity, and suggest ways to improve and leverage its equity. The brand audit can be used to set strategic direction for the brand. As the result of this strategic analysis, the marketer can develop a marketing program to maximize long-term brand equity. Marketers should conduct a brand audit whenever they consider important shifts in strategic direction.

Page Ref: 256

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

126) As a branding manager, you have recommended to your board of directors a corporate policy of

umbrella branding. What are the advantages that your company might gain from this?

Answer: Many firms, such as Heinz and GE, use their corporate brand as an umbrella brand across their

entire range of products. A corporate umbrella brand name has a number of advantages.

Development cost is less because there is no need for "name" research or heavy advertising expenditures to create brand-name recognition. Furthermore, sales of the new product are likely to be strong if the manufacturer's name is good. Corporate-image associations of innovativeness, expertise, and trustworthiness have been shown to directly influence consumer evaluations.

Finally, a corporate branding strategy can lead to greater intangible value for the firm.

Page Ref: 261

Objective: 4

Difficulty: Moderate

127) There are a number of specific roles brands can play as part of a brand portfolio. List and briefly describe the four roles.

Answer: The four roles are: (1) flankers—or fighting brands. These are positioned with respect to competitors' brands so that more important (and more profitable) flagship brands can retain their desired positioning; (2) cash cows—some brands may be kept around despite dwindling sales because they still manage to hold on to a sufficient number of customers and maintain their profitability with virtually no marketing support. These "cash cow" brands can be effectively "milked" by capitalizing on their reservoir of existing brand equity; (3) low-end entry-level—the role of the relatively low-priced brand in the portfolio often may be to attract customers to the brand franchise. Retailers like to feature these "traffic builders" because they are able to "trade up" customers to a higher-priced brand; and (4) high-end prestige—the role of a high-priced brand in the brand family often is to add prestige and credibility to the entire portfolio.

Page Ref: 263

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

128) In what ways can brand extensions improve the odds of new-product success?

Answer: Consumers make inferences and form expectations about the composition and performance of a new product based on what they already know about the parent brand and the extent to which they feel this information is relevant to the new product. By setting up positive expectations, extensions reduce risk and may make it easier to convince retailers to stock and promote a brand extension because of increased customer demand. From a marketing communications perspective, an introductory campaign for an extension doesn't need to create awareness of both the brand and the new product, but instead can concentrate on the new product itself.

Page Ref: 264

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

129) Assume you are a marketing manager and want to adopt strategic brand management. List the four main steps that you would most likely go through to accomplish this task.

Answer: The steps would be: (1) identifying and establishing brand positioning; (2) planning and implementing brand marketing; (3) measuring and interpreting brand performance; and (4) growing and sustaining brand value.

Page Ref: 241

Objective: 1

AACSB: Analytic skills

Difficulty: Easy

130) How does the American Marketing Association (AMA) define the term brand?

Answer: A brand, according to the AMA, is "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors."

Page Ref: 241

Objective: 1

Difficulty: Easy

131) Define brand equity.

Answer: Brand equity is the added value endowed to products and services. This value may be reflected in

how consumers think, feel, and act with respect to the brand, as well as the prices, market share, and profitability that the brand commands for the firm.

Page Ref: 243

Objective: 2

Difficulty: Easy

132) What is positive customer-based brand equity?

Answer: A brand is said to have positive customer-based brand equity when consumers react more favorably to a product and the way it is marketed when the brand is identified, than when it is not identified.

Page Ref: 244

Objective: 2

AACSB: Reflective thinking

Difficulty: Easy

133) Explain the concept of brand knowledge.

Answer: Brand knowledge consists of all the thoughts, feelings, images, experiences, beliefs, and so on that become associated with the brand. In particular, brands must create strong, favorable, unique brand associations with customers.

Page Ref: 244

Objective: 2

Difficulty: Easy

34) How does consumer knowledge play a role in the success of new products associated with existing brands?

Answer: Brand knowledge created by marketing investments dictates appropriate future directions for the brand. Consumers will decide, based on what they think and feel about the brand, where they believe the brand should go and grant permission to any marketing action or program. Many new products can fail because consumers find them inappropriate extensions for the brand.

Page Ref: 245

Objective: 2

AACSB: Reflective thinking

Difficulty: Moderate

135) Brand equity has four components—energized differentiation, relevance, esteem, and knowledge. How are these components combined to produce brand strength and brand stature?

Answer: Energized differentiation and relevance combine to produce brand strength. Esteem and knowledge together create brand stature.

Page Ref: 245

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

136) According to the BRANDZ model of brand strength, brand building involves a series of five sequential steps. What are those five sequential steps?

Answer: The steps are in ascending order: (1) presence, (2) relevance, (3) performance, (4) advantage, and (5) bonding.

Page Ref: 246

Objective: 2

Difficulty: Easy

137) List the six criteria used in creating brand elements.

Answer: The six criteria are: (1) memorable, (2) meaningful, (3) likable, (4) transferable, (5) adaptable, and (6) protectable.

Page Ref: 250

Objective: 3

Difficulty: Easy

138) As a brand manager you would like to have your brand (brand name) be protectable. Explain what you mean by "protectable" and give an illustration.

Answer: As a brand manager you would need to consider the questions like, "How legally protectable is the brand element?" "How competitively protectable is the brand element?" and "Can it be easily copied?" It is important that names that become synonymous with product categories—such as Kleenex, Kitty Litter, Jell-O, Scotch Tape, Xerox, and Fiberglass—retain their trademark rights and not become generic.

Page Ref: 250

Objective: 3

AACSB: Reflective thinking

Difficulty: Easy

139) Identify the three important principles for internal branding.

Answer: Three important principles for internal branding are: (1) choosing the right moment; (2) linking internal and external marketing; and (3) bringing the brand alive for employees.

Page Ref: 253

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

140) Given that the power of a brand resides in the minds of consumers and how it changes their response to marketing, there are two basic approaches to measuring brand equity. Briefly, describe each of these approaches.

Answer: The two approaches are: (1) an indirect approach that assesses potential sources of brand equity by identifying and tracking consumer brand knowledge structures; and (2) a direct approach that assesses the actual impact of brand knowledge on consumer response to different aspects of the marketing.

Page Ref: 255

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

141) Distinguish between brand equity and brand valuation.

Answer: Brand equity is the added value endowed to products and services. Brand valuation is the job of estimating the total financial value of the brand.

Page Ref: 256

Objective: 2, 3

AACSB: Reflective thinking

Difficulty: Easy

142) How can marketers reinforce brand equity?

Answer: Marketers can reinforce brand equity by consistently conveying the brand's meaning in terms of

- 1) what products it represents, what core benefits it supplies, and what needs it satisfies; and
- 2) how the brand makes products superior, and which strong, favorable, and unique brand associations should exist in consumers' minds.

Page Ref: 258

Objective: 3

Difficulty: Easy

143) The decision as to how to brand new products is especially critical. When a firm introduces a new product, it has three main choices. What are those choices?

Answer: The firm can: (1) develop new brand elements for the new product, (2) apply some of its existing brand elements, or (3) use a combination of new and existing brand elements.

Page Ref: 260

Objective: 4

Difficulty: Easy

144) Nichepro Technologies, who were mainly into producing personal computers and laptops, have now decided to produce Nichepro health care products. Explain the branding strategy advocated by the company.

Answer: Nichepro Technologies are advocating brand extension strategy. Brand extensions fall into two categories: 1) line extension and 2) category extension. Marketers use the parent brand to enter a different product category, in category extension. Nichepro is adopting the same strategy by using their parent brand to enter the healthcare products category.

Page Ref: 260- 261

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

145) Define brand variants.

Answer: Brand variants are specific brand lines supplied to specific retailers or distribution channels. They result from the pressure retailers put on manufacturers to provide distinctive offerings.

Page Ref: 261

Objective: 4

Difficulty: Easy

146) Kellogg's uses its corporate brand name with its individual product brands as with Kellogg's rice krispies, Kellogg's raisin bran, and Kellogg's corn flakes. Which branding strategy is being used by the company?

Answer: Kellogg's employs a sub-brand or hybrid branding strategy by combining the corporate brand with individual product brands as with Kellogg's rice krispies, Kellogg's raisin bran, and Kellogg's corn flakes.

Page Ref: 261

Objective: 4

Difficulty: Moderate

147) What is a licensed product? Why have corporations seized on licensing?

Answer: A licensed product is one whose brand name has been licensed to other manufacturers that

actually make the product. Corporations have seized on licensing to push their company names and images across a wide range of products-from bedding to shoes-making licensing a multibillion dollar business.

Page Ref: 261

Objective: 4

Difficulty: Easy

148) Tide laundry detergent maintains the same market share it had 50 years ago because of the sales contributions from its various line extensions. It can be said that Tide employs a preemptive cannibalization strategy in generating line extensions. What does this mean?

Answer: When there is a threat of losing consumers to a competing brand, companies sometimes opt for preemptive cannibalization. This causes consumers to switch between the same brand's products, preventing loss of customers. Even though Tide's various line extensions may cannibalize sales of its other products, if the extensions had not been introduced, then customers would have defected to another brand offering the same type of extension. In this way, Tide has maintained its market share through preemptive cannibalization.

Page Ref: 265

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate